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APPLICATION OF

ROANOKE GAS COMPANY

CASE NO. PUE-2002-00373

For a general increase in rates

HEARING EXAMINER'S RULING

December 2, 2002

On June 17, 2002, Roanoke Gas Company ("Roanoke Gas" or the "Company") filed an application with the State Corporation Commission ("Commission") for a general increase in rates. Roanoke Gas seeks to increase the Company's annual revenues by \$1,276,206, an increase of approximately 2.9%. The proposed increase includes the impact of the Company's termination of its Distribution System Renewal Surcharge ("DSR Surcharge").¹ The rates are proposed to go into effect for service rendered on and after December 1, 2002. The proposed rates are based on the 10.5% rate of return on equity found appropriate in the Company's last general rate case.² The proposed rates would increase customer bills between 1% and 7%, with the exception of interruptible transportation customers in Bluefield, where the increases would be in excess of 50%.

On November 27, 2002, Roanoke Gas filed a Motion to Place Lower Rates into Effect. In its Motion, the Company stated that all of the parties in the case, the Company, the Commission Staff, and the Division of Consumer Counsel, agreed to stipulate to an annual revenue increase of \$989,741. The Company filed tariff sheets to reflect the proposed increase in rates and requested that the new rates be effective for service rendered on and after December 1, 2002. The parties also agreed to changes requested to the terms and conditions in the Company's tariff. The requested Revenue Stabilization Factor has been modified to reflect Staff and Consumer Counsel recommendations and has been renamed the Weather Normalization Adjustment. The parties anticipate filing a stipulation in support of their agreement prior to the public hearing scheduled for Tuesday, December 10, 2002. Additionally, the Company filed a bond in the amount of \$1,000,000 to secure the refund of any rates put into effect as of December 1, 2002, that are later finally determined to be unjust and unreasonable.

¹The revenue requirement associated with the DSR Surcharge termination is \$587,017 with \$579,144 attributable to Roanoke and \$7,872 attributable to Bluefield, and represents approximately 46% of the Company's requested increase in revenue requirement.

²See, *Application of Roanoke Gas*, Case No. PUE-1998-00626, 1999 S.C.C. Ann. Rep. 440.

Having considered the Company's Motion, I find the Motion to Place Lower Rates into Effect should be granted. Accordingly,

IT IS DIRECTED THAT:

- (1) The Company's Motion to Place Lower Rates into Effect is hereby, granted;
- (2) The Company's requested annual revenue increase of \$989,741 shall go into effect on December 1, 2002, subject to final determination by the Commission;
- (3) The Company's requested changes in its tariff, including the Weather Normalization Adjustment, shall go into effect on December 1, 2002, subject to final determination by the Commission;
- (4) The Company's bond shall be accepted for filing;
- (5) The Company shall keep accurate detailed accounts of all amounts received under the increased rates effective on December 1, 2002;
- (6) Interest upon any refund hereinafter ordered by the Commission shall be computed from the date payment is due until the date refunds are made; and
- (7) The Company shall bear all costs of making such refund.

Michael D. Thomas
Hearing Examiner